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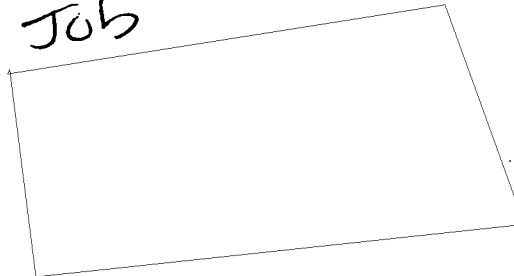


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DIRECTORATE OF
INTELLIGENCE

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The Situation in South Vietnam (Weekly)

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12 February 1968



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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence

THE SITUATION IN SOUTH VIETNAM
(5 February - 11 February 1968)

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I. POLITICAL SITUATION

The task force established to cope with civilian aspects of the current crisis is apparently beset with serious difficulties because of internal bickering and the insistence of many members on tying up operations in bureaucratic red tape. There appears to be an increasing groundswell in favor of amending the constitution to allow Vice President Ky to serve concurrently as prime minister, but Ky is turning aside for the moment any consideration of consolidating his power. The National Assembly is showing a willingness to cooperate with the government in clearing up the crisis, after an initial round of severe criticism from the Upper House. An increasing number of influential personalities outside the government seem to be coming to the view that the Communist offensive has hurt the Viet Cong image and that it provides a good opportunity for the government to mobilize popular support by calling on the assistance of prestigious political leaders.

Difficulties of Civilian Task Force

1. The South Vietnamese task force established to cope with the massive problems arising from the Viet Cong Tet offensive is apparently running into serious difficulties because of internal bickering and bureaucratic red tape, [redacted]

[redacted] On 9 February, General Nguyen Duc Thang, Vice President Ky's deputy on the task force, declared that he was resigning in frustration, and he has failed to appear for subsequent meetings.

2. [redacted]
of the cabinet members on the task force, most notably the ministers of health and refugees, have

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been unable or unwilling to work together cooperatively and insist on following normal ministerial procedures, with the result that much needed services are not being provided the people in a timely and efficient manner.

3. There is also a growing move afoot,

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to urge Ky to have the constitution amended to allow his own appointment as prime minister. Several Lower House deputies, some senators, Ky's own advisers, and Generals Thang and Khang have all reportedly approached Ky with the proposition, and all claim that he would get fairly widespread support for such a move. Ky's image has improved markedly during the current crisis, to the detriment of both President Thieu and Prime Minister Loc.

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Thieu has taken a quiet, behind-the-scenes approach to the situation and has remained inaccessible for personal meetings with almost everyone except his closest advisers. As a result, people have taken their problems and ideas to Ky and are reportedly coming away with the impression that he is the government's man of action.

4. Ky, however, has reportedly put aside at least for the time being, all urgings that he consolidate his power. Although he has himself been mildly critical of Thieu's conduct, he has indicated to his advisers that he intends to cooperate with Thieu and will not consider a move to put himself in the prime ministership.

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he is doing his best to improve Loc's image and to include him in the task force's plans and activities. Although Ky is probably fully aware of the need for governmental cooperation during the crisis, he may well find the groundswell in favor of his assuming greater executive power hard to resist if it continues to gain momentum.

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5. Prime Minister Loc, for his part, apparently fears that the criticism directed at him for his lack of initiative in the crisis may spell his doom.

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National Assembly Developments

6. The Lower House has thus far proved highly cooperative with the government in its attempts to restore order and the Upper House has begun to come around after voicing some vitriolic criticism of the government's lack of preparedness for the attacks. The two houses agreed on 10 February to establish a joint aid committee and the Upper House appointed several senators to act as liaison between the house and various segments of the executive. The Lower House has made an effort to keep in touch with the executive throughout the crisis.

7. President Thieu addressed a joint session of the assembly on 9 February and appealed for the assembly's close cooperation. He asked that he be allowed to promulgate decrees in the area of economy and finance for a one-year period, and urged quick passage of the 1968 budget. He also emphasized the government's determination to adhere to the constitution and, although admitting that some of the emergency measures instituted during the crisis "do violate freedom and democracy to some extent," pointed out that the steps were necessary and that the government intends to limit them as much as possible. Also outlined were certain steps to increase mobilization. These include earlier call-up of 18- and 19-year-olds, recall of veterans with five-years' service or less, postponement of some discharges, and military training "in place" for civil servants under 45 and

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students of 17 and over. Although some of these steps may meet with disapproval from certain of the assemblymen, reaction to Thieu's speech has thus far been generally favorable.

Reaction from Influential Nongovernment Figures

8. An increasing number of influential personalities seem to be coming to the view that the Communist offensive has not only hurt the Viet Cong image in the eyes of the people but will also serve to increase support for the government. They say, however, that the decree of popular backing which the government can expect will depend on the government's ability to provide for the people and mobilize them for the anti-Communist fight.

9. Tran Quoc Buu, president of the Vietnamese Confederation of Labor who took a pessimistic view early in the crisis, [redacted]

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[redacted] believes many people previously "neutral" have now swung to support of the government. This opinion was concurred in by Vo Van Tai, secretary general of the confederation's Saigon council. Tai, who is still scheduled to be tried for his part in the recent labor disputes, had previously issued a statement on behalf of his council voicing full support for the government in the crisis.

10. [redacted] the regime now has a perfect opportunity to capitalize on anti-Communist sentiment, but should not use its own resources exclusively to mobilize the population. The government would do better, he believes, to encourage the direct participation of leading nongovernment personalities. According to [redacted] Buu's own effort to organize his confederation affiliates to assist the government are being encouraged by several cabinet members.

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11. Oppositionist Lower House deputy Ly Quy Chung expressed similar views [redacted]

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[redacted] Chung voiced optimism at the lack of popular response to the Viet Cong and, like Buu, views the present situation as a

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good opportunity for the government to broaden its base of popular support by calling on the assistance of various prestigious figures. Chung said that the Lower House will continue to support the government's efforts in the current crisis, as long as no unconstitutional steps are taken.

12. Phan Khac Suu, an oppositionist and defeated presidential candidate who was taken into protective police custody on 5 February because of a Viet Cong prisoner's allegation that Suu would be kidnapped, has also expressed his eagerness to help the government.

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13. These indications of a willingness to join forces with the government from persons who, like Suu and Chung, are known oppositionists or, like Tai, have a grudge against the government, are encouraging signs. All of these individuals can probably command a considerable following, and their influence should be useful in committing more of the public to the anti-Communist effort. Despite the optimism shown by these men about the people's willingness to rally to the government, however, it is still too early to tell whether the population in the more heavily affected areas of the capital and in the provinces will feel sufficiently free of Viet Cong pressure and intimidation to cooperate more actively with the government.

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II. REVOLUTIONARY DEVELOPMENT

Reports from throughout South Vietnam indicate that the hamlet development program in a large number of provinces has been significantly upset. Allied military units supporting pacification have been largely withdrawn to defend the towns, many Revolutionary Development teams have been unable to stay in their hamlets, and others have been withdrawn to guard installations in the towns or to assist in rooting out Communist remnants. In Quang Tri, Binh Dinh, and Ninh Thuan provinces, the enemy seems to have directed his efforts toward upsetting already completed hamlet pacification efforts, rather than directly attacking the teams and what remains of their defense forces. The situation in Saigon is examined from the standpoint of the reaction of the Vietnamese Government to the problems facing it there. In the months prior to and during the enemy offensive, the performances of the IV Corps province chiefs have varied widely. The threat to IV Corps is by no means over; several provincial capitals appear to be under a state of "seige" and others have been extensively damaged.

Impact of the Communist Offensive on Pacification

1. Additional information has become available that tends to reinforce the assumption made in the Situation in South Vietnam (Weekly) of 5 February that one objective of the recent enemy campaign may have been to assert or reassert control over large segments of the rural population. This effort appears to have involved the use of guerrilla and district units taking advantage of the diversion of allied forces to protect the urban areas.

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2. Reports indicate that hamlet development in a large number of provinces has been set back considerably. Since government military forces supporting pacification were by and large withdrawn to defend towns, many Revolutionary Development teams have been pulled in to guard installations in towns or to assist in rooting out Communist remnants. Moreover, the enemy in some provinces seems to have directed his efforts toward upsetting already completed hamlet pacification efforts rather than initiating military action directly against the teams and what remains of their defense forces, primarily Regional and Popular Force soldiers.

Binh Dinh Province

3. In Binh Dinh Province, 20 Revolutionary Development teams have been removed, at least temporarily, from their hamlets because of the withdrawal of supporting government troops. About eight additional teams are in Qui Nhon city on temporary security duty. Vietnamese officials in Binh Dinh believe the teams should be able to return to their hamlets around the middle of February if the security situation remains at its present level. Many of the new refugees in Qui Nhon are from hamlets that have been overrun, and it may be difficult to persuade these people to return.

4. US officials in Binh Dinh Province believe it will take at least 18 months to reach the same stage of hamlet development that existed six months ago, when provincial security began to decline. Advisory personnel believe that the province's 1968 pacification plan may have to be set aside and resources directed toward areas previously developed during 1966 and 1967. This is a serious setback, since Binh Dinh was one of the showplaces for the pacification program.

Ninh Thuan Province

5. Although no enemy attacks have been reported against the provincial capital or district towns of coastal Ninh Thuan Province in II Corps, Viet Cong forces have reportedly entered, unopposed, a

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number of Revolutionary Development hamlets in the province. Between 31 January and 5 February, Communist units entered 12 hamlets that had either been worked by Revolutionary Development teams during 1967 or were scheduled for development under the 1968 program. None of the 12 hamlets had a team present. One other hamlet, which was protected by a team, was harassed during this period.

6. The primary objectives of the Viet Cong in the 12 hamlets was reportedly to obtain food-stuffs and to propagandize against the South Vietnamese Government, the US, and the Revolutionary Development (RD) program. By a show of strength in these hamlets, the enemy is almost certainly attempting to detract from pacification efforts previously considered completed. In the hamlets scheduled for development during 1968, the Communists reportedly attempted to recruit youth for their own forces and to discourage hamlet residents from cooperating.

7. US officials in Ninh Thuan have for some time noted a Viet Cong propensity to wait until teams move out of a hamlet before trying to reassert control. Over the past few months, the Viet Cong have launched numerous company-and platoon-size attacks against hamlets already pacified through the RD program, those scheduled for pacification, and those that might offer resistance to rice collection operations. During December, when enemy activity in Ninh Thuan increased by more than 100 percent over any month since July 1967, enemy forces conducted 12 platoon-size hamlet entries and nine company-size entries. The Viet Cong forces heavily damaged one secured hamlet, forced the withdrawal of a Truong Son (montagnard) RD team from another, and caused the subsequent evacuation of the people from a third hamlet located on the fringes of an enemy base area.

8. A change in Viet Cong tactics in Ninh Thuan from limited harassing attacks, or sapper and propaganda activities, was first evident in late

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November 1967, when at least four enemy company-size attacks were directed at Vietnamese military forces providing hamlet security. The sudden sharp rise in the intensity of enemy actions, the reported capture of Chinese-made AK-47 weapons, and the discovery of dead enemy soldiers allegedly dressed in North Vietnamese Army (NVA) uniforms have led MACV to conclude that NVA units are probably operating in the province.

Quang Tri Province

9. Since the Tet offensive, about 3,000 persons in Quang Tri Province have left the RD areas, concentrated in Trieu Phong District, for the relative security of Quang Tri city. The refugees have reported that youths in their hamlets are being formed into Viet Cong "civil defense militia" in order to free the enemy's main force battalions for another attack on Quang Tri city. The formation of "self-defense militia" by the Communists has been reported in some other provinces, including Binh Long in III Corps and in the delta.

10. In the Trieu Phong RD areas, at least three New Life Hamlets have been completely destroyed. Refugees from these hamlets have reported Viet Cong terrorism, including the assassination and kidnapping of GVN officials and/or their families. Many of the refugees blame the Vietnamese Army for not reclaiming the RD areas, which the enemy forces have held for eight days. The Communists cite the lack of ARVN operations as indicative of Viet Cong success in the province.

11. Nine RD teams have already been withdrawn into Quang Tri city, but seven teams are remaining in place in hamlets immediately adjacent to the city. In Quang Tri, as elsewhere in the country, enemy forces are apparently concentrating on the destruction of completed RD projects and are leaving the RD teams almost unscathed.

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Situation in Saigon

12. A joint Vietnamese-US task force--the National Recovery Committee (NRC)--has been established to coordinate allied rehabilitation efforts in the Saigon area. In addition, the Vietnamese Government has instructed subordinate echelons to set up similar coordinating bodies at corps and province levels. Vice President Ky, the chairman of the joint task force, established an around-the-clock coordinating center at Independence Palace and assigned General Nguyen Duc Thang as chief coordinator. Ambassador Komer's deputy, General Forsythe, has been named Thang's full-time US counterpart. The task force includes representatives from the Vietnamese Army and civil ministries, [REDACTED]

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13. Thang has established four coordinating staffs: requirements and allocations, resource availability, information and psychological operations, and popular participation. The NRC will direct its resources toward assuring the fulfillment of three priority projects in Saigon: clearing Viet Cong remnants from the city, caring for the large number of refugees, and assuring adequate food supplies for the people.

14. The heavy fighting in and around Saigon since 31 January has generated an estimated 200,000 refugees in the city and in surrounding Gia Dinh Province. A number of these people--perhaps half--can be expected to return to their homes when the fighting abates. In Gia Dinh Province, the districts that were the most severely affected by the fighting were those in the northern half of the province--Tan Binh, Hoc Mon, Go Vap, and Thu Duc.

15. CORDS advisers report that the Vietnamese Army units in Gia Dinh have lacked aggressiveness in rooting out Viet Cong remnants, and that only the quick deployment of US troops saved the province from chaos. On the other hand, they report that the often-faulted province chief, Major Cau, has worked non-stop through the crises and turned in a creditable performance.

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16. The refugees and homeless in Saigon - Gia Dinh are being cared for in approximately 75 refugee centers, most of which the government has stocked with foodstuffs and bedding. The centers, under the jurisdiction of the Ministry of Social Welfare, are being administered by various civic organizations, including the Catholic welfare agencies and youth groups. Some 1,500 Revolutionary Development cadres have reportedly been brought in from the training school at Vung Tau to assist in caring for the refugees.

17. Refugees in Saigon, as elsewhere in the country, will receive all normal assistance payments--about 1,000 piasters per person--and those who have lost their homes will receive resettlement allowances. Security officials in Saigon are concerned that the refugee centers may become a haven for Viet Cong stragglers and, to prevent this, have instituted periodic inspections.

18. At last report, fighting continues in precincts 5, 6, 7, and 8 in Saigon. The enemy appears to be trying to isolate the predominately Chinese section of the city, Cholon, from the main part of Saigon. Since 31 January, civilian casualties have been heavy in the city fighting. The press speculates that anywhere from 200 to 350 persons have been killed and at least 3,800 injured in Saigon alone.

19. Food supplies in the city are considered adequate, largely because most households had stocked up heavily for the Lunar New Year celebration. The Saigon government, however, has distributed a large amount of foodstuffs to the refugee centers and is selling additional amounts of rice at distribution points in the city. Revolutionary Development cadres are reported to be assisting in rice distribution, also.

20. Within Saigon, water and electricity is available in varying degrees to residents in areas serviced. The most pressing problem, however, has

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been the collection of refuse. As an interim measure, garbage is being burned on the streets. Press reports indicate that an additional 1,000 RD cadre trainees have been brought into Saigon from Vung Tau to assist in trash collection.

21. Following a press conference on 5 February in which Ky stated that a civilian militia or "Army of the People" would be organized to protect the urban areas, [redacted] that the Ministry of the Interior is proceeding with plans to arm the civilian population of Saigon. [redacted] the secure areas of Saigon will be divided into "neighborhoods," each with an appointed chief to supervise the distribution and control of firearms within the area. The ministry anticipates that each "neighborhood" will have a minimum of ten and a maximum of 30 weapons for self defense. The Defense Ministry has reportedly delivered 1,000 carbines to the Interior Ministry and will deliver more, if needed.

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22. The organizing and arming of the civil population of Saigon will be done slowly and may take several months, according to several Vietnamese officials. Screening of participants in the militia program will be done by Vietnamese security officials, and those selected will probably be either civil servants or veterans.

23. The South Vietnamese Government has allotted over 600 million piasters to the National Recovery Committee to aid in the rebuilding of Saigon and some of the other urban areas. According to press reports, Vietnamese officials have claimed that all the affected cities have been photographed from the air to give planners information with which to work, and urban renewal will include the elimination of slum areas that have mushroomed in and around the cities over the past few years. Much of the money for urban rehabilitation will probably be derived from funds earmarked for the pacification effort, which may result in drastically reduced pacification programs. The destruction to Vietnamese cities and towns will probably result in a reduced tax base for the

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government, and this will place a further strain on, and perhaps necessitate reductions in, some additional government programs.

The IV Corps Senior Officials

24. At present, only five of the 15 delta province chiefs appointed by the previous IV Corps commander, General Quang, are still in office. These officers are the province chiefs in Vinh Long, Bac Lieu, Ba Xuyen, Dinh Tuong, and Go Cong. Of these, the province chief of Dinh Tuong is considered by US officials as the most capable and honest, and the others, with the exception of the Go Cong Province chief, appear to have been turning in satisfactory performances.

25. US officials in the delta believe that it is too early to assess whether IV Corps commander General Manh has been a positive or negative element. Generally speaking, the province chiefs he has appointed seem to have been somewhat less corrupt and more efficient than those appointed by his predecessor. On at least two occasions, however, Manh has told US officials that he was reluctant to press charges of corruption against GVN officials because this "causes trouble."

26. There have been some rumors of personal corruption by Manh, and strong allegations of extensive illicit activities by his wife. [redacted] the rumors concerning Manh have not been substantiated. [redacted]

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27. In the Communists' recent Tet offensive, the performance of the province chiefs has varied widely. In Ba Xuyen, the chief reportedly became hysterical, while in Dinh Tuong the province chief has continuously acted in a creditable manner. The provincial government in Chau Doc seems to have collapsed, while in Kien Giang it has been resolute. The threat to IV Corps is by no means over; several provincial towns appear to be under a state of "seige" and others have been extensively damaged. Not much information has yet become available on General Manh's performance during the crisis, but one report suggests that he has been more concerned for his personal safety than with the activities of his command.

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III. ECONOMIC SITUATION

It is clear that the Tet offensive has widely disrupted economic activity, but the full effects are not yet clear. Food supplies are generally adequate, although prices are high. Damage to power and water facilities generally was slight.

Economic Effects of Tet Offensive

1. The Tet offensive has interrupted economic life in the major cities in Vietnam, but has not brought activity to a halt. There are the expected reports of food shortages, rising prices, destruction of housing, public utilities and production facilities, and interdiction of highways and communication lines. The full extent of the damage, and its consequences, may not be apparent for some time.

2. The government's newly established task force, under Vice President Ky, is working closely with US officials in Saigon and he promises to coordinate all relief and reconstruction activities. The Foreign Ministry has also asked all South Vietnamese missions abroad to seek food, clothing, medicine, and other essentials from their host countries. Favorable responses are beginning to come in. Government and private efforts to care for the refugees reportedly have been satisfactory, but government effectiveness will continue to be tested even after the crisis period has passed.

3. There have been scattered reports of food shortages in some provinces, especially in Quang Tri, the northernmost province in I Corps, and in the delta city of Vinh Long, which reportedly was half destroyed during the fighting. Fortunately, most people had stocked up on food supplies in

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preparation for the Tet holiday. In Saigon, US officials report that there is sufficient food available; the difficulty is getting it distributed. On 6 February, rice stocks in Saigon-Cholon warehouses, none of which has been reported damaged, totaled 114,000 metric tons with another 17,000 tons on ships in the port. This rice is sufficient to meet the needs of Saigon and the rice deficit areas in the north for more than a month. If this rice cannot be transported, however, shortages could develop, particularly in I and II Corps. There is no indication of the current level of stocks in central Vietnam, but at the beginning of January this area reportedly had on hand about 37,000 tons, or almost one month's supply. Moreover, additional supplies presumably arrived during January.

4. Normal detailed economic reporting has been interrupted since the beginning of the offensive, but general developments through 9 February are discussed in the following paragraphs.

5. Food prices soared during the early days of the offensive, but as more shops and marketplaces open, prices reportedly are beginning to decline. In Bien Hoa city, for example, prices of most foods on 4 February were said to be three to five times higher than those just before Tet. No chicken, meat, or vegetables were available. By 7 February, however, the availability of food in Bien Hoa was said to be near normal, although prices were still up 50 to 75 percent. USAID officials in Saigon did not take their regular weekly survey of prices, but have reported that prices for rice, pork, and fish in Saigon are running about double the pre-offensive level. On 9 February, however, prices of bread, sugar, and condensed milk were not significantly higher than pre-Tet levels. Free rice is being distributed at 59 refugee centers, and rice is being sold to other civilians from trucks in various parts of the city. The present plan calls for normal commercial distribution by 11 February.

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6. The fighting has interrupted power and water supplies in many cities, but in general, damage to utilities seems to have been light. There are some indications that the enemy did not target these installations because they hoped to hold the cities and wanted the utilities in operation. Scenes of heavy fighting, such as Hue, Ban Me Thuot, and Vinh Long, reported both power and water off. In Saigon, US officials stated on 9 February that power facilities were operating at 70-percent capacity, which was ample because of reduced industrial demand. The Saigon water supply was cut on 4 February but only for a few hours.

7. The worst damage reported was that done to production facilities of the two largest textile firms in South Vietnam. About 60 percent of the buildings and 80 percent of their equipment were destroyed in fighting near Saigon. The general manager of the two sister companies estimated that repairs would take many months, and claimed that finished products worth about \$377,000 were looted from the plants by both military personnel and civilians.

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